

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name RICHMOND-LENOX EMS AMBULANCE AUTHORITY	County MACOMB
Fiscal Year End 6/30/06	Opinion Date 9/29/06	Date Audit Report Submitted to State 10/26/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

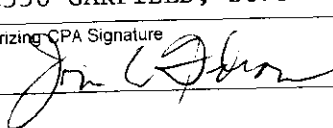
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) BUSS & COMPANY, P.C.		Telephone Number (586) 263-8200		
Street Address 42550 GARFIELD, SUITE 105		City CLINTON TWP.	State MI	Zip 48038
Authorizing CPA Signature 		Printed Name JOHN E. GIDEON		License Number 1101007016

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY

Richmond, Michigan

ANNUAL FINANCIAL REPORT

WITH SUPPLEMENTAL INFORMATION

PREPARED IN ACCORDANCE WITH GASB 34

June 30, 2006

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
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INDEPENDENT AUDITOR'S REPORT

September 29, 2006

Board of Directors
Richmond-Lenox E.M.S. Ambulance Authority
Richmond, Michigan 48062

Honorable Members:

We have audited the accompanying financial statements of the Richmond-Lenox E.M.S. Ambulance Authority (the Authority) as of June 30, 2006 and 2005, and for the years then ended as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richmond-Lenox E.M.S. Ambulance Authority, as of June 30, 2006 and 2005, and the changes in its financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (identified in the table of contents) is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

BUSS & COMPANY, P.C.



Certified Public Accountants

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RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
 Richmond, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2006

Using this Annual Report

This annual report consists of the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. Along with the footnotes, they provide detailed financial information concerning the Authority. This section, the Management's Discussion and Analysis, is intended to provide an overview of the Authority's financial condition, results of operations, and other key information.

Financial Overview

In analyzing the Authority's financial position, it is important to recognize the purpose of the Authority. The Richmond-Lenox E.M.S. Ambulance Authority was organized by the Townships of Lenox and Richmond. The organization was established in a nonprofit capacity to provide the citizens of the two townships with an efficient and complete emergency medical service. This service has been extended to include surrounding communities through contractual agreement. The Authority is governed by a board composed of elected members from the Townships of Lenox and Richmond.

The following table shows the major components of net assets for June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Capital Assets	\$1,145,144	\$1,144,019
Other Assets	<u>374,475</u>	<u>330,230</u>
Total Assets	<u>\$1,519,619</u>	<u>\$1,474,249</u>
Long-Term Liabilities	\$ 530,247	\$ 569,921
Other Liabilities	<u>343,368</u>	<u>381,887</u>
Total Liabilities	<u>\$ 873,615</u>	<u>\$ 951,808</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 586,702	\$ 508,954
Unrestricted	<u>59,302</u>	<u>13,487</u>
Total Net Assets	<u>\$ 646,004</u>	<u>\$ 522,441</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
 Richmond, Michigan
 MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
 For The Year Ended June 30, 2006

Financial Overview (Continued)

The following table shows the major components of the increase in net assets for the year ended June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Revenues:		
Charges for services	\$1,056,323	\$ 897,143
Municipal subsidies	359,601	266,836
Interest	2	556
Grants/donations/other	312,706	278,451
Total Revenues	<u>\$1,728,632</u>	<u>\$1,442,986</u>
Expenses	(1,605,069)	(1,438,803)
Change in Net Assets	\$ 123,563	\$ 4,183
Net Assets - Beginning	<u>522,441</u>	<u>518,258</u>
Net Assets - Ending	<u>\$ 646,004</u>	<u>\$ 522,441</u>

The Authority experienced an increase in net assets of \$123,563. Key reasons for the change in net assets were increased volume due to rising population, pursuit of additional grant funding and an increase in municipal subsidies. In addition, the Authority has continued to monitor and control expenses as much as possible.

Capital Assets

Capital assets, consisting of building, equipment, and vehicles were added during the years ended June 30, 2006 and 2005 in the amounts of \$81,772 and \$117,840, respectively. Refer to Note 4 for additional details.

Long-Term Debt

The Authority reduced its notes payable during the year by \$76,623. Interest expense for the years ended June 30, 2006 and 2005 was \$22,841 and \$25,342, respectively. Refer to Note 5 for additional details.

Contacting the Authority's Management

The financial report is designed to provide participating townships and their residents with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report please contact the Authority's Director at 34505 32 Mile Road, Richmond, Michigan 48062.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2006 and 2005

Exhibit A

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 194,750	\$ 194,226
Accounts receivable, net of allowance	<u>179,725</u>	<u>136,004</u>
Total Current Assets	<u>\$ 374,475</u>	<u>\$ 330,230</u>
<u>CAPITAL ASSETS:</u>		
Capital assets not being depreciated	\$ 20,012	\$ 20,012
Other capital assets, net of depreciation	<u>1,125,132</u>	<u>1,124,007</u>
Total Capital Assets - Net of Depreciation	<u>\$1,145,144</u>	<u>\$1,144,019</u>
Total Assets	<u>\$1,519,619</u>	<u>\$1,474,249</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 250,409	\$ 283,158
Accrued expenses	3,477	1,252
Deferred revenue	61,287	32,333
Current portion of long-term debt	<u>28,195</u>	<u>65,144</u>
Total Current Liabilities	<u>\$ 343,368</u>	<u>\$ 381,887</u>
LONG-TERM DEBT, LESS CURRENT PORTION	<u>530,247</u>	<u>569,921</u>
Total Liabilities	<u>\$ 873,615</u>	<u>\$ 951,808</u>
<u>NET ASSETS:</u>		
Invested in capital assets, net of related debt	\$ 586,702	\$ 508,954
Unrestricted	<u>59,302</u>	<u>13,487</u>
Total Net Assets	<u>\$ 646,004</u>	<u>\$ 522,441</u>

See accompanying notes to financial statements.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 For The Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>OPERATING REVENUES:</u>		
Ambulance service fees	\$ 999,116	\$ 853,923
Municipal subsidies	359,601	266,836
Registration fees	31,416	24,698
Operating grants	158,456	121,501
Wheelchair van user fees	10,048	6,249
Donations	9,392	675
Immunizations	15,743	12,273
Other	<u>33,920</u>	<u>4,910</u>
Total Operating Revenues	<u>\$1,617,692</u>	<u>\$1,291,065</u>
<u>OPERATING EXPENSES:</u>		
Advertising	\$ 1,351	\$ 1,285
Billing service fees	82,170	83,104
Clothing supplies	1,788	1,146
Collection fees	1,482	1,896
Committee fees	2,150	2,700
Depreciation	80,647	75,158
Dispatch services	1,718	2,212
Dues, conferences and licenses	2,900	2,101
Equipment and room rental	8,182	8,089
Insurance - General	100,375	118,667
Insurance - Health	117,129	90,976
Miscellaneous	21,416	22,008
Medical supplies	22,000	21,783
Office supplies	5,449	6,893
Postage	2,620	2,025
Professional services	9,117	9,713
Repairs and maintenance:		
Building		
Equipment	23,713	16,615
Vehicles	30,996	9,080
Wheelchair van	32,214	22,320
Taxes - Payroll	11,359	11,742
Telephone	71,270	64,924
Textbooks	<u>14,001</u>	<u>16,594</u>
	3,168	2,249

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY

Richmond, Michigan

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS, CONTINUED
For The Years Ended June 30, 2006 and 2005

Exhibit B
 Page 2 of 2

	<u>2006</u>	<u>2005</u>
<u>OPERATING EXPENSES:</u> (Continued)		
Travel, entertainment, and employee relations	\$ 1,913	\$ 2,305
Utilities	18,749	14,817
Vaccines - OSHA Compliance	2,665	1,777
Vehicle operation	35,874	22,494
Vehicle operation - Wheelchair van	25,797	15,229
Wages, Retirement and Other:		
Director	61,300	58,500
Deputy Director	52,729	50,550
Paramedics	283,396	256,059
EMT and support staff	318,209	263,477
Wheelchair van driver	72,690	64,239
Overtime	<u>61,691</u>	<u>70,734</u>
Total Operating Expenses	<u>\$1,582,228</u>	<u>\$1,413,461</u>
OPERATING INCOME (LOSS)	<u>\$ 35,464</u>	<u>(\$ 122,396)</u>
<u>NON-OPERATING INCOME (EXPENSE):</u>		
Interest income	\$ 2	\$ 556
Capital grants	110,938	151,150
Gain (loss) on disposal of property	-	215
Interest expense	<u>(22,841)</u>	<u>(25,342)</u>
Total Non-Operating Income (Expense)	<u>\$ 88,099</u>	<u>\$ 126,579</u>
CHANGE IN NET ASSETS	<u>\$ 123,563</u>	<u>\$ 4,183</u>
TOTAL NET ASSETS - BEGINNING	<u>522,441</u>	<u>518,258</u>
TOTAL NET ASSETS - ENDING	<u>\$ 646,004</u>	<u>\$ 522,441</u>

See accompanying notes to financial statements.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
COMPARATIVE STATEMENT OF CASH FLOWS
For The Years Ended June 30, 2006 and 2005

Exhibit C

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2006</u>	<u>2005</u>
Cash received from customers		
Operating grants received	\$1,012,602	\$954,706
Operating subsidies from other governments	187,410	121,901
Other operating receipts	359,601	266,836
Cash paid to suppliers for goods and services	43,312	5,585
Cash paid to employees	(682,090)	(452,364)
	(850,015)	(763,559)
Net Cash Provided (Used) by Operating Activities	\$ 70,820	\$133,105
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital grants received		
Proceeds from loans	\$ 110,938	\$151,150
Acquisition of property and equipment	18,000	-
Principal payments on loans	(81,772)	(117,840)
Interest payments on loans	(94,623)	(76,081)
Proceeds from disposal of assets	(22,841)	(25,342)
	-	1,189
Net Cash Provided (Used) by Capital and Related Financing Activities	(\$ 70,298)	(\$ 66,924)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest income	\$ 2	\$ 556
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 524	\$ 66,737
CASH AND CASH EQUIVALENTS - JULY 1	194,226	127,489
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 194,750	\$194,226
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u> <u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating income (loss)		
Adjustments to reconcile operating income to net cash provided by operating activities:	\$ 35,464	(\$122,396)
Depreciation		
(Increase) decrease in accounts receivable (net)	\$ 80,647	\$ 75,158
Increase (decrease) in accounts payable	(43,721)	57,563
Increase (decrease) in accrued liabilities	(32,749)	124,583
Increase (decrease) in deferred revenue	2,225	(2,203)
Total Adjustments	28,954	400
Net Cash Provided (Used) by Operating Activities	\$ 35,356	\$255,501
See accompanying notes to financial statements.	\$ 70,820	\$133,105

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Richmond-Lenox E.M.S. Ambulance Authority was organized by the Townships of Lenox and Richmond, both being in Macomb County, Michigan. The organization was established in a nonprofit capacity to provide the citizens of the two townships with an efficient and complete emergency medical service. This service has been extended to include surrounding communities through contractual agreement. The entity is organized under the Ambulance Authority Act of the State. The Authority is governed by a board composed of elected members from the Townships of Lenox and Richmond.

The accounting policies of Richmond-Lenox E.M.S. Ambulance Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Basis of Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments*, issued in June 1999.

Basis of Accounting - The accounts of the Authority are organized as an Enterprise Fund, which is used to account for its operations as a provider of emergency medical services. These services are financed primarily through user charges. Operating expenses include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The accrual basis of accounting is used to account for the operations of this Enterprise Fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of the related cash flows.

Cash and Cash Equivalents - The Authority considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

The Authority has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Authority to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools and certain mutual funds.

Accounts Receivable - The Authority's accounts receivable are comprised of amounts due from individuals, insurance companies and other third party payers. Gross accounts receivable have been adjusted for financial statement purposes, to reflect the amount expected to be collected. All receivables turned over to a collection agency have been excluded. An allowance for doubtful accounts has been established for estimated losses on accounts receivable based on bad debt experience and a review of existing accounts receivable.

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
 Richmond, Michigan
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets - Capital assets, which consists of property and equipment are stated at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets.

Major classifications of property and equipment and their respective lives are summarized as follows:

<u>CLASSIFICATION</u>	<u>DEPRECIABLE LIVES</u>
Land improvements	15 years
Furniture and fixtures	3-7 years
Vehicles	5-10 years
Equipment	5-10 years
Building improvements	10-39 years

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Comparative Data/Reclassifications - Comparative data for the prior year have been presented in order to provide an understanding of the changes in financial position and operations of the Authority.

NOTE 2 - CASH AND CASH EQUIVALENTS:

The Authority's cash and cash equivalents consist of bank deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2006, \$98,077 of the Authority's bank balance of \$199,301 was exposed to custodial credit risk as follows:

	<u>INSURED</u> <u>(FDIC)</u>	<u>UNINSURED</u> <u>AND</u> <u>UNCOLLATERALIZED</u>	<u>CARRYING</u> <u>AMOUNT</u>	<u>BANK BALANCE/</u> <u>MARKET VALUE</u>
<u>DEPOSITS:</u>				
Demand deposits	\$101,224	\$ 98,077	\$194,750	\$199,301

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2006

NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts receivable as of June 30, 2006 and 2005, including the applicable allowances for uncollectible accounts are as follows:

	<u>2006</u>	<u>2005</u>
Gross Receivables	\$207,094	\$190,383
Less: Allowance for uncollectibles	<u>27,369</u>	<u>54,379</u>
Net Receivables	<u>\$179,725</u>	<u>\$136,004</u>

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the current year was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Capital Assets Not Being Depreciated:				
Land	<u>\$ 20,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,012</u>
Capital Assets Being Depreciated:				
Buildings	<u>\$ 982,241</u>	<u>\$ 564</u>	<u>\$ -</u>	<u>\$ 982,805</u>
Land improvements	<u>21,614</u>	<u>13,418</u>	<u>-</u>	<u>35,032</u>
Equipment	<u>141,228</u>	<u>28,980</u>	<u>10,132</u>	<u>160,076</u>
Vehicles	<u>315,085</u>	<u>36,552</u>	<u>-</u>	<u>351,637</u>
Furniture and fixtures	<u>50,418</u>	<u>2,258</u>	<u>-</u>	<u>52,676</u>
Subtotal	<u>\$1,510,586</u>	<u>\$ 81,772</u>	<u>\$ 10,132</u>	<u>\$1,582,226</u>
Less: Accumulated Depreciation for:				
Buildings	<u>\$ 126,415</u>	<u>\$ 25,470</u>	<u>\$ -</u>	<u>\$ 151,885</u>
Land improvements	<u>10,222</u>	<u>1,518</u>	<u>-</u>	<u>11,740</u>
Equipment	<u>82,113</u>	<u>15,918</u>	<u>10,132</u>	<u>87,899</u>
Vehicles	<u>126,133</u>	<u>34,070</u>	<u>-</u>	<u>160,203</u>
Furniture and fixtures	<u>41,696</u>	<u>3,671</u>	<u>-</u>	<u>45,367</u>
Subtotal	<u>\$ 386,579</u>	<u>\$ 80,647</u>	<u>\$ 10,132</u>	<u>\$ 457,094</u>
Net Capital Assets Being Depreciated	<u>\$1,124,007</u>	<u>\$ 1,125</u>	<u>\$ -</u>	<u>\$1,125,132</u>
Capital Assets - Net of Depreciation	<u>\$1,144,019</u>	<u>\$ 1,125</u>	<u>\$ -</u>	<u>\$1,145,144</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2006

NOTE 5 - LONG-TERM DEBT:

Long-term debt consists of the following:

Note payable to a commercial bank in monthly installments of \$338, including interest at 4.75%. Final payment is due in June 2011. The note is secured by 2006 Jeep Liberty.	\$ 18,000
Note payable to a commercial bank in monthly installments of \$3,783 including interest at 3.87%. Final payment is due in July 2023. The note is unsecured. Refer to Note 9 for additional information.	<u>540,442</u>
Total	\$558,442
Less: Current portion	<u>28,195</u>
Long-Term Portion	<u>\$530,247</u>

A summary of changes in long-term debt follows:

	<u>BALANCE</u> <u>7/1/05</u>	<u>ADDITIONAL</u> <u>BORROWING</u>	<u>PRINCIPAL</u> <u>PAYMENTS</u>	<u>BALANCE</u> <u>6/30/06</u>
Note payable - Vehicles	\$ 45,572	\$ -	\$45,572	\$ -
Note payable - Vehicles	-	18,000	-	18,000
Note payable - Building	<u>589,493</u>	<u>-</u>	<u>49,051</u>	<u>540,442</u>
Total	<u>\$635,065</u>	<u>\$ 18,000</u>	<u>\$ 94,623</u>	<u>\$558,442</u>

Annual debt service requirements to maturity for the above obligations are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$ 28,195	\$ 21,260	\$ 49,455
2008	29,335	20,120	49,455
2009	30,523	18,933	49,456
2010	31,758	17,698	49,456
2011	33,030	16,412	49,442
2012-2016	163,578	63,430	227,008
2017-2021	198,437	28,569	227,006
2022-2026	<u>43,586</u>	<u>894</u>	<u>44,480</u>
Total	<u>\$558,442</u>	<u>\$187,316</u>	<u>\$745,758</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2006

NOTE 6 - DEFERRED REVENUE:

Deferred revenue is reported in connection with resources that have been received, but not yet earned. At June 30, 2006, the components of deferred revenue were as follows:

Suburban Mobility Authority for Regional Transportation:

Chesterfield Township	\$ 33,704
New Baltimore	11,333
New Haven	<u>16,250</u>
	<u>\$ 61,287</u>

NOTE 7 - DEFERRED COMPENSATION PLAN:

Richmond-Lenox E.M.S. Ambulance Authority has adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or financial hardship.

The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries and may not be diverted to any other use. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the financial statements of Richmond-Lenox E.M.S. Ambulance Authority.

NOTE 8 - RISK MANAGEMENT AND LITIGATION:

Richmond-Lenox E.M.S. Ambulance Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and workers' compensation, as well as medical benefits provided to employees.

The Authority has purchased commercial insurance for these claims through the Michigan Townships Participating Plan.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Based upon independent legal confirmation, there would appear to be no litigation against the Ambulance Authority which would involve monetary damages, if any, in excess of insurance policy limits.

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2006

NOTE 9 - COMMITMENTS:

The Authority completed construction of its third station during the year ended June 30, 2005. As indicated in Note 5, outstanding debt related to this project is \$540,442.

Richmond Township and Lenox Township have each committed to allocate future Community Development Block Grant funds to assist Richmond-Lenox E.M.S. in repayment of the debt associated with the construction project indicated above, as follows:

		<u>TOTAL</u>
Richmond Township	\$20,000 annually 2006-2011	\$120,000
Lenox Township	\$20,000 annually 2006-2012	140,000

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS:

The Authority has elected to provide post-employment health benefits to certain retirees and their beneficiaries. The government pays the full cost of coverage for these benefits. The Authority obtains health care coverage through private insurers. Currently, no retirees are eligible for post-employment health benefits.

BUSS & COMPANY, P.C.

Certified Public Accountants
42550 Garfield, Suite 105
Clinton Township, Michigan 48038

Telephone (586) 263-8290
Facsimile (586) 263-8329

Gerald H. Dryer, C.P.A.
Paul K. Burbach, C.P.A.
John E. Gideon, C.P.A.
Thomas J. Thomas, C.P.A.
Joseph M. Brandenburg, C.P.A.
Randy A. Carlier, C.P.A.

MEMBERS
The American Institute of
Certified Public Accountants
The Michigan Association of
Certified Public Accountants

September 29, 2006

Board of Directors
Richmond-Lenox E.M.S. Ambulance Authority
34505 32 Mile Road
Richmond, Michigan 48062

Re: Supplemental Systems and Internal
Control Comments and Recommendations
in conjunction with the annual audit
for the year ended June 30, 2006

Honorable Members:

We have audited the financial statements of Richmond-Lenox E.M.S. Ambulance Authority, Richmond, Michigan for the year ended June 30, 2006 and have issued our audit report thereon dated September 29, 2006. Included within the purview of the audit, are the requirements under P.A. 2, P.A. of 1968, as amended, that we review internal controls and procedures and report on the result of comments and recommendations made in the preceding year. In fulfillment of this requirement, the following items are presented. Internal control comments are made encompassing the concept that the cost of any internal control system should not be greater than the benefits obtained.

As presented in Exhibit A of the annual report, the Ambulance Authority's net assets increased from \$522,441 at June 30, 2005 to \$646,004 at June 30, 2006. A majority of the Authority's net assets are invested in capital assets, net of related debt. These assets are obviously valuable to the organization, but they are not readily convertible to cash and, therefore, not available for expenditure.

In an effort to improve the Ambulance Authority's cash flow, management has continued to work closely with the outside billing agency. The accounts receivable, net of allowance at June 30, 2006 was \$179,725, representing approximately 66 days sales compared to \$136,004 at June 30, 2005 which represented 58 days sales. Management should continue to monitor billing and collection procedures in an effort to improve the timing and amount of billings that are actually collected.

Board of Directors
Richmond-Lenox E.M.S. Ambulance Authority
September 29, 2006
Page 2

This report is intended solely for the information and use of the Board of Directors, management, and others within the administration of the Richmond-Lenox E.M.S. Ambulance Authority. This restriction is not intended to limit distribution of this report which, upon acceptance by the Board of Directors, is a matter of public record.

We would like to thank the E.M.S. Officials and staff personnel for their help and compliment them on their enthusiastic attitude.

Respectfully submitted,

BUSS & COMPANY, P.C.

A handwritten signature in cursive script, appearing to read "Buss & Company, P.C.", written in black ink.

Certified Public Accountants

dlb